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Amendment No. 2 to HB1633

**Kelsey
Signature of Sponsor**

AMEND Senate Bill No. 1252*

House Bill No. 1633

By deleting all of the language after the enacting clause and by substituting instead the following:

SECTION 1. The commissioner of finance and administration is directed to submit to the federal Centers for Medicare and Medicaid services a waiver amendment to the existing TennCare waiver or to submit a new waiver to use personal health accounts in accordance with provisions of this act within one hundred twenty (120) days of the effective date of this act.

SECTION 2.

(a) In accordance with terms of an appropriate federal waiver for providing medical assistance in this state, each enrollee for medical assistance shall receive a personal health account (PHA) for the purpose of paying for a portion of the enrollee's health care expenses and exercising the enrollee's market power of a consumer of goods and services.

(b) The account shall be funded on a quarterly basis with an actuarially-determined amount that is substantially based on current fee-for-service average expenses after an appropriate risk adjustment. The risk adjustment shall reflect eligibility categories, age, gender, and health status. The account shall be available on an individual basis.

(c) Each qualifying enrollee shall use the account to purchase a benefit coverage plan from an array of options approved by the bureau of TennCare. The coverage

options will range from a safety net of limited benefits to full-service benefit plans. The range of options shall provide a broad continuum of consumer flexibility including, but not limited to, managed care organizations, self-directed plans, and medical home networks. Plans offered as options shall directly compete for the enrollee's business.

(d) An enrollee may choose to use the full amount of the PHA to purchase comprehensive or partial coverage plans. If the enrollee selects a plan that has rates that are lower than the total amount of the PHA, then the enrollee may retain any balance of the PHA to spend on health care-related items. A PHA may not be used to purchase food, clothing or shelter. Unused balances shall roll forward to the next quarter.

(e) When an enrollee is no longer eligible for medical assistance under Tennessee Code Annotated, Title 71, Chapter 5, a portion of the unused balance of a PHA may be used for health care expenses or to purchase health insurance. Unused funds shall revert to the state after twelve (12) months. Unused funds in PHA revert to the state on the death of an enrollee.

SECTION 3. The commissioner of finance and administration is authorized to promulgate rules and regulations to effectuate the purposes of this act. All such rules and regulations shall be promulgated in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.